

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 956 - HB 845

February 15, 2013

SUMMARY OF BILL: Authorizes lifetime handgun carry permits for retired members of the United States military with 20 or more years of service or disabled veterans with a permanent and total disability. Requires certain documentation to receive a lifetime permit. Requires lifetime permits to contain the word "indefinite" in lieu of an expiration date. Requires an application processing fee of \$200.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – Exceeds \$850,000/FY13-14
Exceeds \$255,000/FY14-15 thru FY16-17

Decrease State Revenue – Exceeds \$500,000/FY17-18
Exceeds \$150,000/FY18-19 thru FY20-21

Increase State Expenditures – Exceeds \$72,100/FY13-14
Exceeds \$21,600/FY14-15 thru FY16-17

Decrease State Expenditures – Exceeds \$30,000/FY17-18
Exceeds \$10,000/FY18-19 and Subsequent Years

Other Fiscal Impact – In addition to the fiscal impact estimated above, there will be a one-time increase in state expenditures of \$39,700 for the Department of Safety to employ a vendor for the purpose of programming and software modifications. Given a required implementation date of July 1, 2013, these one-time costs are likely to occur in FY12-13.

Assumptions:

- According to the U.S. Department of Veteran's Affairs, in 2011, there were 533,803 veterans residing in the state.
- Based on information provided by the Department of Safety, a minimum of 10,000 veterans will obtain lifetime handgun carry permits within the first year of implementation. The number who would have otherwise renewed an existing permit cannot be determined.
- The current fee for a four year handgun carry permit is \$115; the renewal fee is \$50.
- An increase in each permit fee of \$85.

- A one-time increase in state revenue estimated to exceed \$850,000 ($\$85 \times 10,000$) in FY13-14.
- At least 3,000 lifetime permits applicants annually for the subsequent three years.
- A recurring increase in state revenue estimated to exceed \$255,000 ($\$85 \times 3,000$) in years FY14-15 thru FY16-17.
- In FY17-18 there will be a one-time decrease in state revenue resulting from applicants who received a lifetime permit in FY13-14 who would have otherwise renewed their permit for a fee of \$50.
- A one-time decrease in state revenue exceeding \$500,000 ($\$50 \times 10,000$) in FY17-18.
- In each year, FY18-19 thru FY20-21, the net impact will be a decrease in state revenue exceeding \$150,000 (3,000 applicants \times \$50 renewal fee).
- The precise fiscal impact to state revenue beyond FY20-21 cannot be reasonably determined due to multiple unknown factors.
- The Department of Safety (DOS) will require one-time computer programming changes by an outside vendor resulting in a one-time increase in state expenditures of \$39,700 prior to implementing the new lifetime permit.
- Additional printing and postage costs will be required in the first year. The average printing and postage cost per permit will be \$2.64.
- An increase in state expenditures in FY13-14 exceeding \$26,400 ($10,000 \times \2.64).
- Temporary workers will be required in the first year to handle the increased workload. Based on information provided by DOS, a minimum of 4,000 temporary worker-hours will be needed in FY13-14.
- Temporary workers are paid an average of \$11.42 per hour.
- An increase in state expenditures exceeding \$45,680 ($\$11.42 \times 4,000$ hours) in FY13-14.
- A total increase in state expenditures in FY13-14 exceeding \$72,080 ($\$26,400 + \$45,680$).
- A minimum of 1,200 temporary worker-hours will be needed in each year, FY14-15 thru FY16-17; a recurring increase in state expenditures in each of the three years exceeding \$13,704 ($\$11.42 \times 1,200$ hours)
- An increase in state expenditures for additional printing and postage of \$7,920 ($3,000 \times \2.64) in FY14-15 thru FY16-17.
- A total increase in state expenditures in each year, FY14-15 thru FY16-17, estimated to exceed \$21,624 ($\$13,704 + \$7,920$).
- Expenditures associated with permit renewals will decrease beginning in FY17-18. The precise decrease in expenditures associated with renewals cannot be determined, but is reasonably expected to exceed \$30,000 in FY17-18 and \$10,000 in subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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